

VOORBURG GROUP ON SERVICE STATISTICS

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7.4

AUDIO-VISUAL SERVICES
IN THE CENTRAL PRODUCT CLASSIFICATION (CPC)

Commission on Service Accounts

Within the framework of the programme of the Commission on Service Accounts, the working group "Information and Communication" has the duty to look over the existing classifications in the fields of computer, communication, information and audio-visual services and to make proposals for improving them.

The group has considered the CPC, the NACE and the classification of products used in the French Annual Survey on Service Enterprises and put a priority on product classifications. It ended with proposals which should allow for the improvement of economic analysis as to audio-visual services, but which result in a more detailed nomenclature than the existing CPC. It is this part of the work of the group which is presented to the Voorburg group, within the framework of the discussion on the CPC and the preparation of the related explanatory notes.

In the annex, a sector-product matrix for audio-visual services is presented. It is based on the data collected in the annual survey on service enterprises.

The working party was chaired by Mr. J. BOURBOULON, Director at CAP-GEMINI-SOGETI. The other participants were:

Mrs BESNARD, Banque de France
 Mrs BOIRY, Chamber of commerce of Paris
 Mr. GENTIL, Service Technique et Juridique de l'Information
 Mr. GREINER, Centre National du Cinéma
 Mr. JEZEQUIEL, Institut National de l'Audiovisuel
 Mr. MAILLARD, INSEE Service Statistics Division
 Mr. NIVLET, Secretary General of the Commission on Service Accounts
 Mr. TROGAN, General Rapporteur of the Commission on Service Accounts

THE CENTRAL PRODUCT CLASSIFICATION (CPC)

The CPC makes a separation between production and distribution services on one side, projection services on another side, and, at last, radio and television services:

- 9611 Motion picture and video tape production and distribution services
 - 96111 Services in connection with promotion or advertising
 - 96112 Services in connection with motion picture or video tape production
 - 96113 Services in connection with motion picture or video tape distribution
- 9612 Motion picture projection services
 - 96121 Motion picture projection services
 - 96122 Video tape projection services
- 9613 Radio and television services
 - 96131 Radio services
 - 96132 Television services

COMMENTARIES

9611 Production and distribution services

To make a separation between production (96112) and distribution (96113) in the case of motion picture and video tape works appears to be a good thing, but the importance of the products considered and their rapid changes are facts in favour of a further separation between motion pictures on one side and video tapes on the other side. The separation between production made on order(... in connection with promotion or advertising) and motion picture and video tape production (96112) is fundamental: the products are different; in these cases, once again, if one takes into account the related expenditures, it might be important to further separate between promotion and advertising. At last, it should be noted that the production of works for television, because there is generally no commercial risk, is a product closer to production on order than to motion picture production.

9612 Motion picture projection services

It is difficult to decide what is the scope of category 96122 ("video tape projection services"); it may perhaps cover the operations performed within the framework of manifestations in private environment (expositions, salons, demonstrations, ...); if so, this would be a product of very minor importance.

On the contrary, it seems to be of major importance to go into further details as to category 96121 ("motion picture projection services"): one should separate receipts in movie theatres from receipts from advertising; the former correspond to household consumption while the latter correspond to intermediary consumption by enterprises.

96113 Radio and television services

The remarks which will be made hereafter in connection with television services are similarly applicable to radio services.

96132 Television services

The scope of this category and the related expenditures are enormous; it is therefore quite necessary to go into further details; but the definition of products, as to television services, raises some problems.

At first, one could think of going into details of the following type:

- broadcast of fiction emission
- broadcast of variety programmes
- broadcast of motion pictures
- broadcast of news
- ...

In this case, the question is how to measure the products, in accounting terms; one can only calculate (is it even true?) the production costs; is it the purpose of a classification to permit the description of production costs and not of the market costs, i.e. the actual flows?

Financial flows can actually and easily be isolated are the : public contributions received, subscriptions, receipts from sales of advertising space (these are actual and measurable flows); it is therefore possible to isolate television services funded through TV taxes, those funded through subscriptions, ...; in the case of multiple sources of funding, which happens generally, it is not possible to separate emissions according to the manner they were funded; it is however possible to make a global valuation through the repartition of the income sources of the broadcasting companies.

One has therefore to face the following dilemma:

-either to create a classification respecting the "rules of the game", of the kind of the one presented hereabove, according to the type of programme broadcast, but which is of small utility in particular for national accounts and economic analysis because it does not describe the actual flows, i.e. those which can be observed;

-or to create a classification where products are isolated when they exist, but where the details are made according to funding flows which are the only ones which can be observed; this procedure may appear to be rather unorthodox (it uses a double approach "products" and "exchange typology"), but it has the advantage to permit the economic analysis of the sector.

National accounts as well as enterprise statisticians require that the existing classifications can be used in their operations; this explains why the second proposal, even if it is unorthodox, has been preferred. It has, in particular, the advantage to allow for the reconstitution of the various flows of funding of the audio-visual sector.

The proposed classification, which is presented hereafter, makes separations according to products (in the usual meaning of the word), according to types of funding, and, at last, dissociates motion picture works and exploitation from television and video tape works and exploitation.

PROPOSAL FOR A PRODUCT CLASSIFICATION

MOTION PICTURE AND VIDEO TAPE PRODUCTION SERVICES

- Services of production of advertising movies:

Production, on order, of motion picture or video tape for advertising; the design of the scenario is part of advertising creation and therefore not included in the present classification category; invoice to customer is made on the basis of a preliminary estimate: there are no commercial risks.

- Services of production of movies on order (enterprises, training, ...):

Production, on order, of motion picture or video tape for industry (demonstration, public relation, ...); as for the preceding category, the scenario is provided along with the specification document; there is a preliminary estimate and there are no commercial risks.

- Services of production of programmes for television:

Delegated production (which implies a financial and artistic responsibility) or executive production (without financial and artistic responsibility) or own account production of programmes for television broadcasting; either the programme is produced for a third party on the basis of a contract including specifications and of a preliminary estimate, or it is produced on own account with a commercial risk; in the latter case, the receipts are of the same type than in the following classification category.

- Services of production of motion picture works:

Production of motion picture works on own account with a commercial risk; usually receipts transit through the distributors, but some receipts are obtained directly from users (theatres, television companies, video tape re-salers).

- Technical services for film shooting and recording studios:

Services of provision of movie sets and of recording studios, which may include technical personnel.

- Technical services of post-production:

All operations of sonorisation, doubling and completion, including special effects.

MOTION PICTURE AND VIDEO TAPE DISTRIBUTION SERVICES

Distribution consists in the commercialisation of a work made on own account by a producer to users (theatres, television companies, video re-salers) either by requiring diffusion rights or on the basis of the sharing of the future receipts (distributor's share); the distributor is in charge of making copies and of the commercial function (selection of points of purchase, advertisement); the contract passed with the producer is based on a sharing of receipts (producer's share).

- Services of distribution of motion picture works to movie theatres:

This corresponds to the traditionnal distribution circuit; the distributor receives the distributor's share and retro-cedes the producer's share.

- Services of distribution of motion picture works to television or video tape companies:

Diffusion rights are perceived from television or video tape companies.

- Services of distribution of other programmes for television or video tape companies:

Management of rights for catalogues of audio-visual products (except motion picture), cession of these rights to television and video tape companies.

MOVIE THEATRE SERVICES

- Motion picture projection services:

Products of projection of motion pictures in theatres; this covers the theatre receipts, a part of which is retro-ceded to distributors or producers.

- Provision of advertising space:

This a product, accessory to the preceding, which is not an advertising product; movie theatres sell advertising space to companies specialised in the management of advertising movies but do not carry out an advertising activity.

RADIOS

- Radiophonic broadcast services funded collectively (linked to special taxes):

Radiophonic broadcast by channels as a counterpart of a public funding.

- Radiophonic broadcast services funded through subscriptions:

Radiophonic broadcast by channels as a counterpart of payments through subscriptions.

- Radiophonic broadcast services funded through advertisement:

Radiophonic broadcast funded through commercial services provided to advertisers: receipts from advertising space rental, including sponsorship, mecenate.

TELEVISION

- Television services funded collectively (linked to special taxes):

Television broadcast by channels as a counterpart of a public funding.

- Television services funded through subscriptions:

Television broadcast by channels as a counterpart of payments through subscriptions (pay channels, cable television, billing linked to actual use, ...)

- Television services funded through advertisement:

Television broadcast funded through commercial services provided to advertisers: receipts from advertising space rental, including sponsorship, mecenate.

CONCLUSION

Eventually, one would end with the following classification:

- 9611 MOTION PICTURE AND VIDEO TAPE PRODUCTION SERVICE.
 - 96111 Services of production of advertising movies.
 - 96112 Services of production of movies on order (enterprises, training, ...).
 - 96113 Services of production of programmes for television.
 - 96114 Services of production of motion picture works.
 - 96115 Technical services for film shooting and recording studios.
 - 96116 Technical services of post-production.
- 961x MOTION PICTURE AND VIDEO TAPE DISTRIBUTION SERVICES
 - 961x1 Services of distribution of motion picture works to movie theatres.
 - 961x2 Services of distribution of motion picture works to television or video tape companies.
 - 961x3 Services of distribution of other programmes for television or video tape companies.
- 9612 MOVIE THEATRES SERVICES.
 - 96121 Motion picture projection services.
 - 96122 Provision of advertising space.
- 9613 RADIO AND TELEVISION SERVICES.
 - 96131 Radiophonic broadcast services funded collectively (linked to special taxes).
 - 96132 Radiophonic broadcast services funded through subscriptions.
 - 96133 Radiophonic broadcast services funded through advertisement.
 - 96134 Television services funded collectively (linked to special taxes).
 - 96135 Television services funded through subscriptions.
 - 96136 Television services funded through advertisement.

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Product-activity crossing

Millions of F.F.

	Activity											
	Production of advertising movies		Production of movies on order		Production of programs for television		Production of motion pictures works		Post production		Dist. of motion pictures to movies theat	
		%		%		%		%		%		%
Product	1 022,2	93.2	17,0	1.2	3,4	0.4	14,0	0.5	1,2	0.1		
Production of advertising services	16,7	1.5	1 309,4	95.0	18,5	1.9	17,9	0.7	4,3	0.3		
Production of movies on order	6,7	0.6	19,5	1.4	859,0	89.0	265,3	9.8	219,8	16.6		
Production of programs for TV	31,3	2.9	8,7	0.6	27,4	2.8	1 964,6	72.4	1,7	0.1	1,6	0.2
Production of motion pictures works	15,6	1.4	13,4	1.0	15,0	1.6	63,6	2.4	1 072,6	81.2	0,5	0.1
Post production, technical services			1,3	0.1	5,5	0.6	102,1	3.8			740,1	80.0
Dist. of motion pictures to movie theat	4,3	0.4	7,5	0.5	3,2	0.3	54,3	2.0			58,7	7.1
Dist. of motion pictures to TV & video	n.s.	0.0	0,6	0.0	32,9	3.4	5,8	0.2	21,1	1.6	23,8	2.9
Dist. of other programs for TV & video							211,6	7.8			7,0	0.8
Motion pictures projection							4,4	0.2			1,0	0.1
Advertising space			n.s.	0.0								
Radio services funded collectively												
Radio services funded thru subscriptions												
Radio services funded thru advertisement												
TV services funded collectively												
TV services funded thru subscriptions												
TV services funded thru advertisement												
Total	1 097,2	100	1 377,8	100	965,2	100	2 705,9	100	1 320,9	100	833,1	100

(CONTINUED)

Product-activity crossing

Product-activity crossing	Activity										All activities		
	Dist. of motion pictures to TV & video		Dist. of other programs for TV & video		Movie theaters pictures		Radios		Television				
		%		%		%		%		%		%	
Product												1 057,9	3.2
Production of advertising services							n.s.	0.0				1 367,0	4.1
Production of movies on order									43,4	0.2		1 418,8	4.2
Production of programs for TV	n.s.	0.0	4,8	2.2	7,4	0.2	n.s.	0.0				2 043,9	6.1
Production of motion pictures works	0,6	0.1			1,4	0.0	5,6	0.2	6,0	0.0		1 194,4	3.6
Post production, technical services	n.s.	0.0			206,3	6.2			3,7	0.0		1 094,1	3.3
Dist. of motion pictures to movie theat	32,0	4.8	2,7	1.3	126,1	3.8			14,7	0.1		916,3	2.7
Dist. of motion pictures to TV & video	632,1	94.6	14,9	6.9	68,4	2.1			71,3	0.4		421,9	1.3
Dist. of other programs for TV & video	2,9	0.4	194,6	89.6	2 811,0	84.6						3 029,6	9.0
Motion pictures projection			n.s.	0.0	102,6	3.1						110,2	0.3
Advertising space							2 042,8	63.1				2 042,8	6.1
Radio services funded collectively							41,8	1.3				41,8	0.1
Radio services funded thru subscriptions							1 148,3	35.5				1 148,3	3.4
Radio services funded thru advertisement									3 858,6	21.7		3 858,6	11.5
TV services funded collectively									4 134,2	23.3		4 134,2	12.3
TV services funded thru subscriptions									9 642,9	54.2		9 642,9	28.8
TV services funded thru advertisement													
Total	668,2	100	217,2	100	3 323,5	100	3 236,6	100	17 775,2	100	33 523,5	100	